

**BOARD OF TRUSTEES
MONTGOMERY COUNTY CONSOLIDATED RETIREE HEALTH BENEFITS TRUST**

MINUTES – OPEN SESSION

November 18, 2011

101 Monroe Street, 9th floor
Rockville, Maryland

Board Members Present: Jeff Buddle
Kelda Simpson
Sunil Pandya
Jeff Sharpe (via telephone)
George Willie
Joseph Beach
Jennifer Hughes
Meg Menke
Joseph Adler
Lodge Gillespie
Steve Farber
Gino Renne
Ken Muir
Charles Overly
Jon Grabel
Cathy Jones
Bill Talbot

Staff: Linda Herman
Marc Esen
Brad Stelzer
Stuart Potter
John Feketekuty
Akiko Kawashima

Others Present: Amy Moskowitz, Counsel to the Board

CALL TO ORDER

Mr. Buddle called the open session of the Board meeting to at 8:31 a.m.

Election - Officers and Compliance and Audit Committee: On behalf of the nominating committee, which included Mr. Buddle, Mr. Faber, and Ms. Menke, Mr. Farber nominated the following trustees as officers: Mr. Grabel for Vice Chair; Ms. Jones for secretary and Mr.

Buddle for Chair. Mr. Buddle recused himself for the nomination of Chair. The Board unanimously approved, (Ms. Hughes was not in attendance for this vote) the following resolution:

1111-01 Resolved, That the Board approves the following slate of officers:

Chair – Jeff Buddle

Vice-Chair – Jon Grabel

Secretary – Cathy Jones

The Nominating Committee also recommended that the following trustees serve on the Compliance and Audit Committee: Mr. Adler, Mr. Gillespie, Ms. Hughes, Ms. Simpson, Mr. Muir and Mr. Talbot. The Board discussed the Committee's recommendation and the recommendation that the Bylaws be amended to expand the Compliance & Audit Committee from four to six members. The Board unanimously approved, (Ms. Hughes was not in attendance for this vote) the following resolution:

1111-02 Resolved, That the Board approves the following Compliance & Audit Committee members, pending the amendment of the Bylaws to expand the Committee to six members.

Approval of Minutes: Mr. Willie moved and Mr. Farber seconded, and the Board unanimously approved the minutes of the September 23 meeting. Due to there not being a quorum at the September 23 meeting, Mr. Renne moved and Ms. Simpson seconded, and the Board unanimously approved (Ms. Hughes was not in attendance for this vote) the minutes of the July 22 meeting.

Bylaws: The Board discussed amending the Bylaws to permit six trustees to serve on the Compliance and Audit Committee. After discussion, Mr. Grabel moved and Mr. Muir seconded and the Board unanimously approved the following resolution:

1111-03 Resolved, That the Board approves amending the Bylaws to expand the Compliance & Audit Committee to six members.

Board Policies: Ms. Herman discussed the Board's current policies and noted that the Board had requested they be reviewed and approved by the new Board members once their appointments had occurred. There were no changes proposed by the new Board members. Ms. Herman requested the Board consider amending the Service Provider Procurement Policy by adding language to clarify the consultant's role, if one is used, in the process. After discussion, Mr. Adler moved and Mr. Gillespie seconded and the Board unanimously approved the following resolution:

1111-04 Resolved, That the Board approves amending the Service Provider Procurement Policy by clarifying the role of the consultant.

Emerging Manager Legislation: Staff updated the Board on the County Executive's intent to submit emerging manager legislation to the County Council within the next few weeks. The legislation mirrors the Board's Service Provider Procurement Policy and adds an annual reporting requirement.

Business Continuity Plan: Staff shared the updated Business Continuity Plan with the Board and requested that they provide Staff with their feedback or changes. The Compliance & Audit Committee will review the Plan in the coming months and present the final version to the Board at a future meeting.

Performance Review & Market Update: Staff provided the Board with an overview of the financial markets in October, as well as an update on the Fund's performance. Mr. Esen commented on the global equity market rally which was due to better-than-expected economic reports in the U.S. and positive developments in the European Debt crisis. Within the fixed income sector, in early October credit spreads reached their widest levels in over 2 years before narrowing significantly the remainder of the month resulting in strong performance for high yield bonds.

Workplan: Ms. Herman discussed the Board's workplan for the coming months which includes a review of the asset allocation potentially including additional asset classes and active management.

There being no further business of the Board, the open meeting session was adjourned at 9:18 a.m.

Respectfully submitted,

Cathy Jones, Secretary